



WAYNE COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1999

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2000-88
September 8, 2000
www.auditor.state.mo.us

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2000

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Wayne, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Wayne County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The County Commission reduced tax levies for the Special Road and Bridge Fund to provide part of the property tax reduction required by the sales tax ballot passed by Wayne County voters. Prior reports noted Special Road and Bridge property taxes had been reduced a total of \$408,000 from 1991 through 1997 without the county crediting any general sales tax monies to the Special Road and Bridge Fund to replace lost property taxes. During the two years ended December 31, 1999, the county reduced the Special Road and Bridge property tax rate even further which resulted in an additional \$202,000 reduction in property tax revenue without replacement. As a result, more than \$610,000 is due to the Special Road and Bridge Fund from the General Fund at December 31, 1999.

A related audit finding noted the County Commission has been distributing payments in lieu of tax of approximately \$80,000 yearly from the U.S. Department of Interior to the Special Road and Bridge Fund and General Revenue Fund equally for several years. These monies could be used for any government purpose. Given the weak financial condition of the General Revenue Fund, it is questionable why the County Commission elected to distribute any of these monies to the Special Road and Bridge Fund.

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YELLOW SHEET

In its response to these findings, the County Commission indicated that it was unaware that the federal payments were unrestricted monies and that this oversight resulted in the Special Road and Bridge Fund being credited with one half of these monies for at least eighteen years. The County Commission further responded that it intended to use the amounts mistakenly credited to the Special Road Bridge Fund to offset the amount owed by the General Revenue Fund. The audit emphasized that if the County Commission believes it is justified to go back 18 years to correct these problems, it should also consider other improper distributions which occurred during those years. Further, the County Commission now needs to establish and document decisions regarding interfund liabilities and begin operating those funds in a manner which ensures the financial integrity of each fund in the future.

- As noted in the prior audit report, the county has not sufficiently reduced its property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by the Wayne County voters. During the two years ended December 31, 1999, reductions were made, however, to further bring the county into compliance with the sales tax proposal, the County Commission should reduce the 2000 property tax revenues by an additional \$96,290 for the excess property taxes collected in prior years.

The County Commission acted contrary to legal advice when it granted a mid-term raise to the Associate Commissioners. The Prosecuting Attorney concluded that such “a mid-term salary increase for Associate Commissioners would be unconstitutional and is therefore prohibited”. The County Commission said they would abide by the results of a pending lawsuit in another county.

With the exception of road and bridge employees, the County Commission has not established written personnel policies regarding vacation and sick leave, compensatory time, and overtime. Records of leave, overtime worked and compensatory time balances are not centrally maintained. Currently each officeholder is responsible for individual office policies.

Also included in the audit are recommendations to improve county budgetary procedures, depository agreements and some expenditure policies. Contractual procedures of the Senate Bill 40 Board also need improvement. In addition, the audit recommended the County Clerk maintain an account book with the County Collector to provide more controls and help verify annual settlements.

Copies of the audit are available upon request.

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Wayne County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Wayne County, Missouri, as of and for the years ended December 31, 1999 and 1998, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Wayne County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Wayne County.

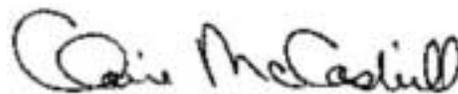
In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Wayne County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

1999 and 1998, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 11, 2000, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Wayne County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

May 11, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: John Luetkemeyer, CPA
Audit Staff: Rosemarie Edwards
Steve Garner
Francis Verslues

Robyn Vogt



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Wayne County, Missouri

We have audited the special-purpose financial statements of various funds of Wayne County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 11, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

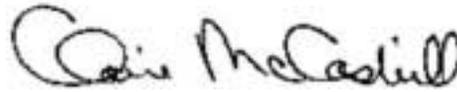
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Wayne County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 99-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Wayne County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Wayne County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

May 11, 2000 (fieldwork completion date)

Financial Statements

Exhibit A-1

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 2,453	994,617	1,028,585	(31,515)
Special Road and Bridge Assessment	25,013	1,496,444	1,421,716	99,741
Law Enforcement Training	162	124,025	123,773	414
Prosecuting Attorney Training	6,648	5,180	9,344	2,484
Debt Service	430	950	897	483
Special Law Enforcement	12,991	19,493	31,807	677
Special Prosecuting Attorney	6,583	7,960	14,523	20
Victims of Domestic Violence	358	8,548	8,896	10
Recorder's User Fees	111	1,123	0	1,234
Law Library	9,766	6,631	3,533	12,864
Associate Division's Interest	6,114	6,168	4,777	7,505
Sheriff's Donations	481	721	905	297
Landfill Trust	5,759	12,069	16,620	1,208
Sheriff's Civil	7,631	368	0	7,999
Circuit Clerk's Interest	1,171	8,387	9,476	82
Elevator Grant	2,233	2,291	1,203	3,321
Health Center	200	6,688	4,288	2,600
Senate Bill 40 Board	190,944	1,066,950	1,027,995	229,899
Recorder's Grant	92,450	69,727	54,757	107,420
Total	\$ 371,521	3,838,340	3,763,118	446,743

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 98,365	939,692	1,035,604	2,453
Special Road and Bridge	69,292	1,133,019	1,177,298	25,013
Assessment	805	132,060	132,703	162
Law Enforcement Training	5,484	4,759	3,595	6,648
Prosecuting Attorney Training	888	860	1,318	430
Debt Service	19,575	23,323	29,907	12,991
Special Law Enforcement	4,669	49,635	47,721	6,583
Special Prosecuting Attorney	41	8,326	8,009	358
Victims of Domestic Violence	385	726	1,000	111
Recorder's User Fees	9,494	7,045	6,773	9,766
Law Library	8,305	4,369	6,560	6,114
Associate Division's Interest	1,146	714	1,379	481
Sheriff's Donations	6,969	2,608	3,818	5,759
Landfill Trust	7,253	378	0	7,631
Sheriff's Civil	3,213	9,073	11,115	1,171
Circuit Clerk's Interest	2,903	2,059	2,729	2,233
Elevator Grant	0	21,800	21,600	200
Health Center	175,363	1,006,169	990,588	190,944
Senate Bill 40 Board	72,227	64,704	44,481	92,450
Recorder's Grant	1,527	8,375	9,879	23
Total	\$ 487,904	3,419,694	3,536,077	371,521

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

WAYNE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 162,401	147,412	(14,989)	154,959	184,283	29,324
Sales taxes	352,473	362,699	10,226	347,000	336,850	(10,150)
Intergovernmental	269,957	253,499	(16,458)	193,014	220,736	27,722
Charges for services	146,302	137,484	(8,818)	135,047	130,035	(5,012)
Interest	4,750	3,776	(974)	9,000	5,645	(3,355)
Other	49,386	45,443	(3,943)	50,396	38,364	(12,032)
Transfers in	44,303	44,304	1	43,579	23,779	(19,800)
Total Receipts	1,029,572	994,617	(34,955)	932,995	939,692	6,697
DISBURSEMENTS						
County Commission	65,336	65,334	2	50,780	48,412	2,368
County Clerk	73,320	73,271	49	72,200	69,576	2,624
Elections	5,500	2,787	2,713	46,500	51,791	(5,291)
Buildings and grounds	44,900	59,449	(14,549)	78,810	73,412	5,398
Employee fringe benefits	104,500	113,669	(9,169)	105,293	109,027	(3,734)
County Treasurer	23,940	23,674	266	17,367	17,176	191
County Collector	59,869	59,869	0	51,597	51,596	1
Ex Officio Recorder of Deeds	17,847	17,845	2	17,907	16,287	1,620
Circuit Clerk	9,000	8,921	79	11,327	10,162	1,165
Associate Circuit Court	550	130	420	950	186	764
Associate Circuit (Probate)	8,902	8,498	404	8,902	8,902	0
Court administration	3,827	2,232	1,595	3,827	1,399	2,428
Public Administrator	24,032	21,549	2,483	8,400	10,684	(2,284)
Sheriff	272,327	272,327	0	253,064	254,129	(1,065)
Prosecuting Attorney	97,247	89,166	8,081	79,135	79,042	93
Juvenile Officer	42,959	32,650	10,309	45,909	45,909	0
County Coroner	5,600	9,056	(3,456)	8,400	5,370	3,030
Jury	3,000	3,602	(602)	8,000	19,404	(11,404)
Other	142,716	135,556	7,160	135,342	132,892	2,450
Transfers out	26,653	29,000	(2,347)	26,748	30,248	(3,500)
Total Disbursements	1,032,025	1,028,585	3,440	1,030,458	1,035,604	(5,146)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,453)	(33,968)	(31,515)	(97,463)	(95,912)	1,551
CASH, JANUARY 1	2,453	2,453	0	98,365	98,365	0
CASH, DECEMBER 31	\$ 0	(31,515)	(31,515)	902	2,453	1,551

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

WAYNE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 126,824	125,738	(1,086)	117,084	124,924	7,840
Sales taxes	365,000	390,260	25,260	340,000	370,885	30,885
Intergovernmental	984,967	953,605	(31,362)	973,600	619,558	(354,042)
Charges for services	10,600	7,308	(3,292)	20,000	8,263	(11,737)
Interest	2,400	2,044	(356)	1,800	2,869	1,069
Other	0	17,489	17,489	0	6,520	6,520
Transfers in	0	0	0	150	0	(150)
Total Receipts	1,489,791	1,496,444	6,653	1,452,634	1,133,019	(319,615)
DISBURSEMENTS						
Salaries	320,000	307,393	12,607	280,000	299,702	(19,702)
Employee fringe benefits	96,200	79,085	17,115	90,055	79,879	10,176
Supplies	145,000	168,431	(23,431)	155,000	148,709	6,291
Insurance	16,000	13,039	2,961	17,500	14,405	3,095
Road and bridge materials	191,231	244,181	(52,950)	200,000	322,120	(122,120)
Rentals	114,399	115,001	(602)	149,119	149,119	0
Equipment purchases	10,000	26,119	(16,119)	35,000	38,797	(3,797)
Construction, repair, and maintenance	492,139	389,863	102,276	400,000	29,037	370,963
Other	72,531	34,300	38,231	151,673	71,751	79,922
Transfers out	44,304	44,304	0	43,579	23,779	19,800
Total Disbursements	1,501,804	1,421,716	80,088	1,521,926	1,177,298	344,628
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,013)	74,728	86,741	(69,292)	(44,279)	25,013
CASH, JANUARY 1	25,013	25,013	0	69,292	69,292	0
CASH, DECEMBER 31	\$ 13,000	99,741	86,741	0	25,013	25,013

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

WAYNE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSESSMENT FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 94,316	91,522	(2,794)	99,911	96,719	(3,192)
Charges for services	3,500	2,467	(1,033)	3,500	4,619	1,119
Interest	0	249	249	300	394	94
Other	0	787	787	100	80	(20)
Transfers in	26,653	29,000	2,347	26,747	30,248	3,501
Total Receipts	<u>124,469</u>	<u>124,025</u>	<u>(444)</u>	<u>130,558</u>	<u>132,060</u>	<u>1,502</u>
DISBURSEMENTS						
Assessor	124,631	123,773	858	131,363	132,703	(1,340)
Total Disbursements	<u>124,631</u>	<u>123,773</u>	<u>858</u>	<u>131,363</u>	<u>132,703</u>	<u>(1,340)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(162)	252	414	(805)	(643)	162
CASH, JANUARY 1	162	162	0	805	805	0
CASH, DECEMBER 31	<u>\$ 0</u>	<u>414</u>	<u>414</u>	<u>0</u>	<u>162</u>	<u>162</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

WAYNE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 4,800	3,429	(1,371)	3,000	4,759	1,759
Interest	0	100	100	150	0	(150)
Other	0	1,651	1,651	0	0	0
Total Receipts	4,800	5,180	380	3,150	4,759	1,609
DISBURSEMENTS						
Sheriff	11,448	9,344	2,104	8,634	3,595	5,039
Total Disbursements	11,448	9,344	2,104	8,634	3,595	5,039
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,648)	(4,164)	2,484	(5,484)	1,164	6,648
CASH, JANUARY 1	6,648	6,648	0	5,484	5,484	0
CASH, DECEMBER 31	\$ 0	2,484	2,484	0	6,648	6,648

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

WAYNE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 850	950	100	1,000	860	(140)
Interest	0	0	0	20	0	(20)
Total Receipts	850	950	100	1,020	860	(160)
DISBURSEMENTS						
Prosecuting Attorney	1,280	897	383	1,908	1,318	590
Total Disbursements	1,280	897	383	1,908	1,318	590
RECEIPTS OVER (UNDER) DISBURSEMENTS	(430)	53	483	(888)	(458)	430
CASH, JANUARY 1	430	430	0	888	888	0
CASH, DECEMBER 31	\$ 0	483	483	0	430	430

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

WAYNE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 DEBT SERVICE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 18,000	19,361	1,361	20,886	22,633	1,747
Interest	209	132	(77)	650	319	(331)
Other	300	0	(300)	100	371	271
Total Receipts	18,509	19,493	984	21,636	23,323	1,687
DISBURSEMENTS						
Bond principal and interest payment	31,500	31,807	(307)	29,950	29,907	43
Total Disbursements	31,500	31,807	(307)	29,950	29,907	43
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,991)	(12,314)	677	(8,314)	(6,584)	1,730
CASH, JANUARY 1	12,991	12,991	0	19,575	19,575	0
CASH, DECEMBER 31	\$ 0	677	677	11,261	12,991	1,730

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL LAW ENFORCEMENT FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 0	7,960	7,960
Total Receipts	0	7,960	7,960
DISBURSEMENTS			
Law Enforcement	6,583	14,523	(7,940)
Total Disbursements	6,583	14,523	(7,940)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,583)	(6,563)	20
CASH, JANUARY 1	6,583	6,583	0
CASH, DECEMBER 31	\$ 0	20	20

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL PROSECUTING ATTORNEY FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 8,400	8,548	148
Total Receipts	8,400	8,548	148
DISBURSEMENTS			
Prosecuting Attorney	8,400	8,896	(496)
Total Disbursements	8,400	8,896	(496)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(348)	(348)
CASH, JANUARY 1	358	358	0
CASH, DECEMBER 31	\$ 358	10	(348)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 VICTIMS OF DOMESTIC VIOLENCE FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 700	1,115	415
Interest	25	8	(17)
Total Receipts	<u>725</u>	<u>1,123</u>	<u>398</u>
DISBURSEMENTS			
Domestic Violence Shelter	800	0	800
Total Disbursements	<u>800</u>	<u>0</u>	<u>800</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(75)	1,123	1,198
CASH, JANUARY 1	111	111	0
CASH, DECEMBER 31	<u>\$ 36</u>	<u>1,234</u>	<u>1,198</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER'S USER FEES FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 6,750	6,214	(536)
Interest	403	417	14
Total Receipts	<u>7,153</u>	<u>6,631</u>	<u>(522)</u>
DISBURSEMENTS			
Recorder	16,918	3,533	13,385
Total Disbursements	<u>16,918</u>	<u>3,533</u>	<u>13,385</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,765)	3,098	12,863
CASH, JANUARY 1	9,766	9,766	0
CASH, DECEMBER 31	\$ <u>1</u>	<u>12,864</u>	<u>12,863</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW LIBRARY FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 4,151	6,168	2,017
Interest	200	0	(200)
Total Receipts	<u>4,351</u>	<u>6,168</u>	<u>1,817</u>
DISBURSEMENTS			
Law Library	5,000	4,777	223
Total Disbursements	<u>5,000</u>	<u>4,777</u>	<u>223</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(649)	1,391	2,040
CASH, JANUARY 1	6,114	6,114	0
CASH, DECEMBER 31	<u>\$ 5,465</u>	<u>7,505</u>	<u>2,040</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSOCIATE DIVISION'S INTEREST FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 540	721	181
Total Receipts	540	721	181
DISBURSEMENTS			
Associate	1,020	905	115
Total Disbursements	1,020	905	115
RECEIPTS OVER (UNDER) DISBURSEMENTS	(480)	(184)	296
CASH, JANUARY 1	481	481	0
CASH, DECEMBER 31	\$ 1	297	296

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit N

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF'S DONATIONS FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 3,020	3,128	108
Interest	165	100	(65)
Other	823	8,841	8,018
Total Receipts	4,008	12,069	8,061
DISBURSEMENTS			
Sheriff	9,767	16,620	(6,853)
Total Disbursements	9,767	16,620	(6,853)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,759)	(4,551)	1,208
CASH, JANUARY 1	5,759	5,759	0
CASH, DECEMBER 31	\$ 0	1,208	1,208

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit O

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LANDFILL TRUST FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 380	368	(12)
Total Receipts	380	368	(12)
DISBURSEMENTS			
Other	0	0	0
Total Disbursements	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	380	368	(12)
CASH, JANUARY 1	7,631	7,631	0
CASH, DECEMBER 31	\$ 8,011	7,999	(12)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit P

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF'S CIVIL FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 11,500	8,316	(3,184)
Interest	167	71	(96)
Total Receipts	<u>11,667</u>	<u>8,387</u>	<u>(3,280)</u>
DISBURSEMENTS			
Sheriff	12,838	9,476	3,362
Total Disbursements	<u>12,838</u>	<u>9,476</u>	<u>3,362</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,171)	(1,089)	82
CASH, JANUARY 1	1,171	1,171	0
CASH, DECEMBER 31	<u>\$ 0</u>	<u>82</u>	<u>82</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit Q

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT CLERK'S INTEREST FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 2,060	2,291	231
Total Receipts	2,060	2,291	231
DISBURSEMENTS			
Circuit Clerk	2,220	1,203	1,017
Total Disbursements	2,220	1,203	1,017
RECEIPTS OVER (UNDER) DISBURSEMENTS	(160)	1,088	1,248
CASH, JANUARY 1	2,233	2,233	0
CASH, DECEMBER 31	\$ 2,073	3,321	1,248

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit R

WAYNE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ELEVATOR GRANT FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental	\$ 253,800	2,400	(251,400)
Transfers in	18,000	4,288	(13,712)
Total Receipts	<u>271,800</u>	<u>6,688</u>	<u>(265,112)</u>
DISBURSEMENTS			
Elevator	271,800	4,288	267,512
Total Disbursements	<u>271,800</u>	<u>4,288</u>	<u>267,512</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,400	2,400
CASH, JANUARY 1	200	200	0
CASH, DECEMBER 31	<u>\$ 200</u>	<u>2,600</u>	<u>2,400</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit S

WAYNE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HEALTH CENTER FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 78,000	76,495	(1,505)	85,863	76,278	(9,585)
Intergovernmental	413,410	202,151	(211,259)	173,131	196,778	23,647
Charges for services	649,580	759,968	110,388	668,815	709,432	40,617
Interest	11,200	10,206	(994)	7,446	10,276	2,830
Other	9,400	18,130	8,730	47,673	13,405	(34,268)
Total Receipts	<u>1,161,590</u>	<u>1,066,950</u>	<u>(94,640)</u>	<u>982,928</u>	<u>1,006,169</u>	<u>23,241</u>
DISBURSEMENTS						
Salaries	953,090	856,348	96,742	804,431	803,178	1,253
Office expenditures	53,700	49,473	4,227	47,868	48,556	(688)
Equipment	13,000	7,398	5,602	3,257	2,315	942
Mileage and training	88,500	69,944	18,556	68,820	84,524	(15,704)
Other	53,300	44,832	8,468	58,552	52,015	6,537
Total Disbursements	<u>1,161,590</u>	<u>1,027,995</u>	<u>133,595</u>	<u>982,928</u>	<u>990,588</u>	<u>(7,660)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	38,955	38,955	0	15,581	15,581
CASH, JANUARY 1	190,944	190,944	0	175,363	175,363	0
CASH, DECEMBER 31	<u>\$ 190,944</u>	<u>229,899</u>	<u>38,955</u>	<u>175,363</u>	<u>190,944</u>	<u>15,581</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit T

WAYNE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SENATE BILL 40 BOARD FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 60,000	60,149	149	62,479	60,850	(1,629)
Intergovernmental	0	1,621	1,621	2,521	10	(2,511)
Interest	1,500	4,421	2,921	0	3,844	3,844
Other	0	3,536	3,536	0	0	0
Total Receipts	61,500	69,727	8,227	65,000	64,704	(296)
DISBURSEMENTS						
Health and welfare	51,813	54,757	(2,944)	87,050	44,481	42,569
Total Disbursements	51,813	54,757	(2,944)	87,050	44,481	42,569
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,687	14,970	5,283	(22,050)	20,223	42,273
CASH, JANUARY 1	92,450	92,450	0	72,227	72,227	0
CASH, DECEMBER 31	\$ 102,137	107,420	5,283	50,177	92,450	42,273

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

WAYNE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Wayne County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1999, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Law Enforcement Fund	1998
Special Prosecuting Attorney Fund	1998
Victims of Domestic Violence Fund	1998
Recorder's User Fees Fund	1998
Law Library Fund	1998
Associate Division's Interest Fund	1998
Sheriff's Donations Fund	1998
Landfill Trust Fund	1998
Sheriff's Civil Fund	1998
Circuit Clerk's Interest Fund	1998
Elevator Grant Fund	1998
Recorder's Grant Fund	1999 and 1998

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	1998
Assessment Fund	1998
Debt Service Fund	1999
Special Law Enforcement Fund	1999
Special Prosecuting Attorney Fund	1999
Sheriff's Donations Fund	1999
Health Center Fund	1998
Senate Bill 40 Board Fund	1999

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 1999 and 1998, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S.

Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1999, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's, Health Center Board's, and Senate Bill 40 Board's deposits at December 31, 1999 and 1998, were entirely covered by federal depository insurance or by collateral securities held by the county's, Health Center Board's and Senate Bill 40 Board's custodial banks in the county's, Health Center Board's and Senate Bill 40 Board's name.

3. Property Taxes

Through December 31, 1999, Wayne County collected \$96,290 in excess property taxes. Section 67.505, RSMo 1994, requires the county to reduce property taxes for a percentage of sales taxes collected. Wayne County voters enacted a 1/2 cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

Also, during 1999 and 1998 and in previous years, the Road and Bridge tax levies were reduced to provide part of the required property tax collection reduction for the general revenue sales tax. However, all of the sales tax revenue was credited to the General Revenue Fund. Revenues of the Special Road and Bridge Fund are required by Section 137.555, RSMo Cum. Supp. 1999, to be used only for improving and maintaining county roads and bridges. As a result, the General Revenue Fund owes the Special Road and Bridge Fund approximately \$610,000 as of December 31, 1999.

Supplementary Schedule

Schedule

WAYNE COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1999	1998
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO 045-9212	\$ 52,733	60,797
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	137,045	117,937
U.S. DEPARTMENT OF DEFENSE				
Passed through state:				
Office of Administration -				
12.112	Payments to States in Lieu of Real Estate Taxes Flood Control	N/A	9,267	11,333
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	N/A	2,600	21,600
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	390	0
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	N/A	9,000	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	836	0
U.S. DEPARTMENT OF LABOR				
Passed through state Department of Economic Development -				
17.250	Job Training Partnership Act	N/A	9,305	515
U. S. DEPARTMENT OF TRANSPORTATION				

Schedule

WAYNE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1999	1998
	Passed through state Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-111(2)	0	39,736
		BRO-111(3)	342,647	15,118
		BRO-111(4)	18,422	18,757
	Program Total		<u>361,069</u>	<u>73,611</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Direct program -			
93.268	Immunization Grants- Chicken Pox (Non-Monetary)		354	0
	Passed through state:			
	Department of Health -			
93.268	Immunization Grants	PG0064-9212IAP	13,164	11,116
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	3,354	2,770
	Department of Health -			
93.575	Child Care and Development Block Grant	ERO146-9212CCH&SCS	2,311	1,460
	Department of Health -			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	N/A	13,345	13,333
93.991	Preventive Health and Health Services Block Grant	ERO175-9212FP	17,382	26,305
93.994	Maternal and Child Health Services Block Grant to the States	ERO146-9212MCH	18,516	20,606
	Total Expenditures of Federal Awards		<u>\$ 650,671</u>	<u>361,383</u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Supplementary Schedule

WAYNE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Wayne County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

The direct program amounts for Immunization grants (CFDA 93.268) represent the original acquisition cost of varicella (chicken pox) vaccine provided to the Health Center through the Centers for Disease Control of the U.S. Department of Health and Human Services. Of the pass-through amounts for that program, \$11,438 and \$7,906

represent the original acquisition cost of other vaccines purchased by the Centers for Disease Control but distributed to the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$132 and \$205 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$660 and \$719 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. The remaining pass-through amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 1999 and 1998.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Wayne County, Missouri

Compliance

We have audited the compliance of Wayne County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

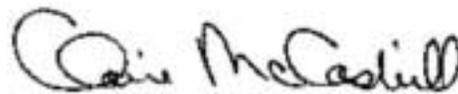
In our opinion, Wayne County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998.

Internal Control Over Compliance

The management of Wayne County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Wayne County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

May 11, 2000 (fieldwork completion date)

Schedule

WAYNE COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 1999 AND 1998

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to the financial statements noted? x yes _____ no

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? _____ yes x no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Off-System Bridge Replacement and Rehabilitation Program
10.665	Schools and Roads - Grants to States

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? _____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

99-1. County Sales Tax and Financial Condition

- A. In years past, the county has not sufficiently reduced its property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by the Wayne County voters under the provisions of Section 67.505, RSMo.

As indicated by the following calculations, the net excess property tax revenues collected as of December 31, 1999 and 1998 have decreased since our prior audit.

	Tax Year Ended December 31,	
	1999	1998
ACTUAL SALES TAX REVENUES	\$ 362,699	336,850
Required percentage of revenue reduction	X 50%	50%
Required property tax revenue reduction	181,350	168,425
Assessed Valuation	86,772,875	80,864,259
General Revenue Fund and Special Road and Bridge Fund tax levy reduction (per \$100 of assessed valuation)	X 0.25	0.29
Actual property tax revenue reduction	216,932	234,506
EXCESS PROPERTY TAX REVENUES COLLECTED	(35,583)	(66,081)
Excess property tax revenue collections from prior years	131,873	197,954
NET EXCESS	\$ 96,290	131,873

To further bring the county into compliance with the sales tax proposal passed by the Wayne County voters, the County Commission should reduce the 2000 property tax revenues by an additional \$96,290 for the excess property taxes collected in prior

years. Based on the county's prior assessed valuations, this would require an additional reduction of approximately eleven cents to the 2000 tax levies to cover the prior years differences.

- B. As noted above, the County Commission reduced the tax levies for the Special Road and Bridge Fund to provide part of the required property tax collection reduction. In 1999 and 1998, the Special Road and Bridge Fund tax levies were reduced by twelve cents each year, but all general sales tax revenue was credited to the General Revenue Fund. Revenues of the Special Road and Bridge Fund are required by Section 137.555, RSMo Cum. Supp. 1999, to be used only for improving and maintaining county roads and bridges. As a result, it does not appear proper to reduce property taxes restricted for use in the Special Road and Bridge Fund to account for sales tax revenues deposited to the General Revenue Fund.

Our three prior reports noted Special Road and Bridge property taxes had been reduced a total of \$408,000 from 1991 through 1997 without the county depositing any general sales tax monies in the Special Road and Bridge Fund to replace lost property taxes. During the two years ended December 31, 1999, the county reduced the Special Road and Bridge property tax rate even further which resulted in an additional \$202,000 reduction in property tax revenue without replacement. As a result, more than \$610,000 is due to the Special Road and Bridge Fund from the General Fund at December 31, 1999.

The county's budget for fiscal year 2000 still does not include any transfers of general sales tax monies to the Road and Bridge Fund despite these past concerns.

- C.1. As similarly noted in prior audit reports, the financial condition of the county's General Revenue Fund remains weak.

Wayne County's General Revenue Fund is experiencing a declining cash balance. The following shows receipts, disbursements, and ending cash balances for the three years ended December 31, 1999:

Cash balance, January 1, 1997	\$	126,423
Receipts		933,574
Disbursements		<u>961,632</u>
Cash balance, December 31, 1997		98,365
Receipts		939,692
Disbursements		<u>1,035,604</u>
Cash balance, December 31, 1998		2,453
Receipts		994,617
Disbursements		<u>1,028,585</u>
Cash balance, December 31, 1999	\$	<u><u>(31,515)</u></u>

Given the county needs to reduce 2000 property tax rates by \$96,290 to comply with the sales tax proposal passed by the voters, the General Revenue Fund owes the Special Road and Bridge Fund over \$610,000 for lost property tax revenue from the last several years, and various other concerns resulting from legal non-compliance, the County Commission will be faced with some very tough decisions to stabilize the financial condition of the General Revenue Fund.

The county voters approved a one-half cent general sales tax in 1985 and an additional one-half cent sales tax for road and bridge purposes in 1993, however, the voters rejected a sales tax for law enforcement purposes in 2000.

Despite our past comments regarding the General Revenue Fund's poor financial condition the county continues to struggle financially and has had to resort to violating state laws to balance its General Revenue Fund budget. The county's 2000 budget reflects the beginning cash balance plus estimated receipts to equal estimated disbursements. As a result, the County Commission has taken no additional action to improve the county's financial condition.

2. The County Commission has been distributing payments in lieu of tax of approximately \$80,000 yearly from the U.S. Department of Interior to the Special Road and Bridge Fund and General Revenue Fund equally for several years. These payments are unrestricted revenue per 31 US Code Sections 6901-6907. Given the financial condition of the General Revenue Fund it is questionable why the County Commission would elect to distribute unrestricted monies to the Special Road and Bridge Fund.

Conditions similar to A., B., and C.1. were also noted in our prior report and have existed since 1988.

WE AGAIN RECOMMEND the County Commission:

- A. Ensure appropriate reductions are made to the property tax levies to reflect excess property taxes collected in prior years when setting the 2000 property tax levies.
- B&C. Develop a financial plan to improve the financial condition of the General Revenue Fund and repay \$610,581 to the Special Road and Bridge Fund. In addition, any future reductions of Special Road and Bridge property tax revenues as a result of rollbacks required by sales tax collections should be offset by transfers from the General Revenue Fund.

AUDITEE'S RESPONSE

We are aware of and have tried to solve these financial problems and intend to continue these efforts in the future. We also intend to continue property tax reductions to reduce the excess property tax

collection amount. Upon reviewing the past transfers of unrestricted revenues from General Revenue to the Special Road and Bridge Fund, we have determined that since 1982 a total of \$651,085 of unrestricted revenues were transferred from the General Revenue Fund to the Special Road and Bridge Fund. These transfers of one half of the yearly payments from the U.S. Department of Interior to the Special Road and Bridge Fund were made due to a misunderstanding and an oversight of how U.S. Department of Interior revenues were required to be distributed. These revenues were believed to be restricted revenues that were required to be distributed evenly between the General Revenue Fund and the Special Road and Bridge Fund. With the Auditors finding that these revenues are unrestricted revenues, we believe that this oversight of \$651,085 transferred from the General Revenue Fund to the Special Road and Bridge Fund should be applied to the \$610,581 that is owed the Special Road and Bridge Fund for lost property tax revenues.

AUDITOR'S COMMENT

As noted in this and previous audits, the diversion of monies from the Special Road and Bridge Fund to the General Revenue Fund over the past several years was done in violation of state law. Conversely, the payments in lieu of tax from the federal government were unrestricted revenues and the county had the authority to credit some of these monies to the Special Road and Bridge Fund. Previous audits also noted that the county had not properly distributed flood control monies received from the federal government. Although the 1999 distribution was made correctly, past practices resulted in over \$153,000 being distributed to the General Revenue Fund. The majority of this money should have been distributed to schools and roads. If the County Commission believes it is justified to go back 18 years to resolve interfund liabilities, it should also consider resolving other amounts improperly distributed to the General Revenue Fund at the expense of schools and roads. Regardless, it is important for the County Commission to clearly establish and document what liabilities, if any, currently exist, and how to resolve them, and then operate county funds in a manner that ensures the financial integrity of each of these funds in the future.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

WAYNE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Wayne County, Missouri, on the applicable findings in our prior audit report issued for the two years ended December 31, 1997.

1. Financial Condition

The financial condition of the General Revenue Fund remained weak.

Recommendation:

The County Commission consider the various alternatives of increasing receipts and/or reducing disbursements. In addition, the County Commission needs to review discretionary disbursements and evaluate management practices to more efficiently use the resources available to the county.

Status:

Not implemented. See MAR No. 99-1.

4. County Sales Tax

- A. The county had not sufficiently reduced its property tax revenues by 50 percent of sales tax revenues as provided in a ballot issue passed by the voters of the county.
- B. The County Commission reduced tax levies for the Special Road and Bridge Fund to provide part of the required property tax collection reduction. However, a like amount of sales tax revenue was not deposited into the Special Road and Bridge Fund. Therefore, more than \$408,000 was due from the General Revenue Fund to the Special Road and Bridge Fund at December 31, 1997.
- C. The county did not include the effective period of the capital improvement sales tax on the ballot as required by state law.

Recommendation:

The County Commission:

- A. Ensure appropriate reductions are made to the property tax levies to reflect excess property taxes collected in prior years when setting the 1998 property tax levies.

- B. Authorize the County Treasurer to transfer \$408,933 from the General Revenue Fund to the Special Road and Bridge Fund. Any future reductions of Special Road and Bridge property tax revenues as a result of rollbacks required by sales tax collections should be offset by transferring a like amount of sales tax revenue from the General Revenue Fund to the Special Road and Bridge Fund.
- C. Review this situation with the Prosecuting Attorney and take appropriate action to ensure the capital improvement sales tax measure complies with state law.

Status:

A&B. Not implemented. See MAR No. 99-1.

- C. This matter was the subject of litigation which was eventually appealed to the Supreme Court of Missouri. In April 2000, the court handed down its opinion which concluded:

"The trial court correctly determined that sec. 67.700 authorized a tax for capital improvements of an indefinite duration and that any complaint regarding the ballot language was waived by failure to timely assert the claim. The trial court did not err in dismissing plaintiffs' petition. The judgment of the trial court is affirmed."

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

WAYNE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1997, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

WAYNE COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Wayne County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 11, 2000. We also have audited the compliance of Wayne County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 11, 2000.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Wayne County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Expenditures**

A. We noted several expenditures which do not appear to be a prudent and necessary use of county funds. These include:

- 1) A \$500 payment was made from the Special Law Enforcement Fund (SLEF) to award a scholarship to a local high school student. The SLEF was established for law enforcement purposes and this does not appear to be a prudent use of this fund. In addition, Art. VI Sec. 23 of the Missouri Constitution prohibits the granting of public money.
- 2) Payments of \$200 and \$2,400 were disbursed from the SLEF for flight lessons and airplane rental, respectively, for the flight training of a Missouri State Highway Patrolman. Payments for the training of a Missouri State Highway Patrolman do not appear to be a necessary use of county funds.

The expenditures noted above do not appear to be necessary costs of operating the county and constitute a questionable use of public funds.

B. In February 1999, the County Commission voted to give the Associate Commissioners a mid-term raise totaling \$4,752 per year that was retroactively effective to January 1, 1999.

Previously, in January 1999, the County Clerk received a written opinion from the Prosecuting Attorney that concluded that such "a mid-term salary increase for Associate Commissioners would be unconstitutional and is therefore prohibited". The Prosecuting Attorney further noted in his opinion letter that the Wayne County Salary Commission was authorized to enable a pay increase at its 1997 meeting but did not.

As a result, the County Commission acted contrary to legal advice when it granted the mid-term raise to the associate commissioners. The County Commission needs to discuss this issue with the Prosecuting Attorney to properly resolve this situation.

C. The county unnecessarily incurred interest expenses for warrants protested by the county. The county issues warrants to pay expenditures of the General Revenue Fund. The county's bank treats the warrants as negotiable instruments and charges 7 percent interest until the county redeems the warrants. The county did not always redeem these warrants in a timely manner. In total, the county spent \$1,047 and \$1,710 for interest expense during the years ending December 31, 1998 and 1999, respectively. Interest expenses should be avoided when sufficient funds are available to cover warrants.

Conditions A.1 and C were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Ensure all expenditures made with county monies are prudent and necessary.
- B. Review the appropriateness of the mid-term raise with the Prosecuting Attorney.
- C. And the County Treasurer discontinue the practice of protesting warrants when a sufficient cash balance exists.

AUDITEE'S RESPONSE

The County Commission responded:

A&C. We have implemented these recommendations.

B. We believe a similar issue is currently being litigated in another county. We intend to abide by the ruling in this case.

The Treasurer responded:

C. The county cannot discontinue protesting warrants because the county does not always have sufficient funds. At this time warrants are being paid on a timely basis when funds are available.

2. Budgetary Practices

Actual disbursements exceeded the originally budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	1999	1998
General Revenue	\$ N/A	5,146
Assessment	N/A	1,340
Debt Service	307	N/A
Special Law Enforcement	7,940	N/A
Special Prosecuting Attorney	496	N/A
Sheriff's Donation	6,853	N/A
Health Center	N/A	7,660
Senate Bill 40 Board	2,944	N/A

It was ruled in State ex rel. v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public

hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo Cum. Supp. 1997, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budgets.

A similar condition was noted in our prior report.

WE AGAIN RECOMMEND the County Commission, the Health Center Board and the Senate Bill 40 Board not authorize warrants in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.

AUDITEE'S RESPONSE

The County Commission responded:

We would like to point out that we did correctly amend the General Revenue and Assessment Funds in 1999. The overspending in the other funds was due to unanticipated revenue becoming available. Our failure to amend the budgets in these funds was an oversight. We will fully comply with this recommendation in the future.

The Health Center Administrator responded:

The Wayne County Health Center Board President and Health Center Administrator will implement the correct procedure in amending the budget as of August 2000, when we next see that we are going to overspend our budgeted disbursements.

The Senate Bill 40 Board President responded:

We agree and will implement in the next budget year.

3.

Depository Agreements

The county has monies on deposit in two local banks, but does not have current written depository agreements with these banks. Section 110.130, RSMo Cum. Supp. 1999, requires the County Commission to enter into new agreements with banks selected as depositories during the May term of 1997, and every fourth year thereafter.

Written depositary contracts should be prepared so that both the bank and the county can understand and comply with the requirements of the agreement. The contracts may include costs of bank services and safe deposit boxes, interest charges for borrowed funds, provisions for protesting warrants, and interest to be paid on investments. The contracts should include requirements to ensure adequate collateral securities are pledged by the bank to secure all county monies.

This condition was also noted in our prior report.

WE AGAIN RECOMMEND the County Commission enter into written agreements with depositary banks in compliance with state law.

AUDITEE'S RESPONSE

We have implemented this recommendation.

4. Personnel Policies and Procedures

Our review of the county's personnel policies and records revealed the following:

- A. Except for road and bridge employees, the county commission has not established written personnel policies regarding vacation and sick leave, compensatory time, and overtime. Currently each officeholder is responsible for individual office policies. We noted the county paid a former sheriff's employee for accumulated vacation leave totaling \$678. The Sheriff does have a written leave policy but the policy does not specify how leave is to be paid upon termination/resignation.

Complete and detailed written policies are necessary to provide guidance to county employees and provide a basis for proper compensation. In addition, such policies should be uniformly applied to ensure each employee is treated equitably.

- B. Records of leave, overtime worked, and compensatory time balances are not centrally maintained except for road and bridge employees. Some leave records are maintained by individual officeholders; however, some of these records do not always adequately account for employees' accumulated leave balances. For example, the Sheriff's office did not keep adequate records of overtime accumulated. As a result, the County Commission recently settled a dispute with two former sheriff's deputies regarding overtime. The U.S. Department of Labor ordered the county to pay overtime to the officers in the amount of \$5,044 and \$3,257. As the County Commission had no record of overtime balances, they paid the disputed amount to avoid legal costs.

Centralized records help ensure that the employees' vacation leave and overtime records are accurate, aid in determining final pay for employees leaving county

employment, and better document compliance with the Fair Labor Standards Act (FLSA).

WE RECOMMEND the County Commission:

- A. Establish written personnel policies regarding vacation and sick leave, compensatory time, and overtime.
- B. Require the County Clerk to maintain centralized leave and compensatory records for county employees.

AUDITEE'S RESPONSE

We have implemented these recommendations.

5.	County Clerk's Account Book
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The County Clerk does not maintain an account book with the County Collector. As a result, the County Collector's annual settlements cannot be adequately reviewed and errors could go undetected. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. These verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector and reported credits are complete and accurate.

Section 51.150.2, RSMo 1994, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and County Commission to verify the County Collector's annual settlements.

This condition was also noted in our prior report.

WE AGAIN RECOMMEND the County Clerk maintain an account book with the County Collector and use this information to verify the County Collector's annual settlements.

AUDITEE'S RESPONSE

I intend to implement this recommendation before the end of the year.

6. Senate Bill 40 Board

The Senate Bill 40 Board receives approximately \$60,000 in property taxes annually. Section 205.970 RSMo 1994 allows the board to contract with Not for Profit (NFP) corporations to provide services to county residents. Our review of the Board's records noted the following concerns:

- A. The Senate Bill 40 Board disbursed approximately \$35,000 and \$43,000 during the years ended December 31, 1999 and 1998, respectively, to the Services for Extended Employment, Inc. (S.E.E.), a NFP corporation. The contract with S.E.E. requires the Senate Bill 40 Board to "supply monetary assistance as is necessary at such time as S.E.E. makes application therefore".

The contract between the Senate Bill 40 Board and S.E.E. does not provide adequate assurance on how monies are being spent. Additionally, the contract does not guarantee the provision of any specified services to residents of Wayne County or the number of clients to be served in exchange for funding provided by the Senate Bill 40 Board.

- B.1. In 1999, the Senate Bill 40 Board also paid \$15,000 to Cape Arrowhead, another NFP, to aid in providing services to southern Wayne County residents. The Senate Bill 40 Board has not entered into a written contract with this NFP regarding the usage of these monies, nor did the Senate Bill 40 Board review financial records to determine how these monies were used.
2. Three Senate Bill 40 Board members also served on Cape Arrowhead's Board of Directors at the time it received funding. This situation results in a potential conflict of interest.

The potential for misuse, misappropriation and abuse of funds is increased when the Senate Bill 40 Board does not require written contracts to accompany distribution of funds to NFP corporations. In addition, to provide maximum assurance the Senate Bill 40 Board is acting independently and in the best interest of the county, no administrative or financial ties should exist between members of the board and its funding recipients.

The Senate Bill 40 Board should enter into contracts with entities providing services. These contracts should be specific and clearly establish the responsibilities and duties of each party.

WE RECOMMEND the Senate Bill 40 Board:

A&

- B.1. Enter into written contracts which specify the amounts to be paid, the services to be provided, and the time period covered by the contracts.
- B.2. Not have administrative or financial ties with its funding recipients.

AUDITEE'S RESPONSE

The Senate Bill 40 Board President responded:

- A. *We agree and will implement with the next contract.*
- B.1. *We agree. We have requested and received a list of expenditures from the Cape Arrowhead Board regarding the \$15,000. In the future, the Senate Bill 40 Board will sign a contract for services as outlined in the recommendation.*
- B.2. *We agree. The Senate Bill 40 Board does not currently have any financial or administrative ties with either not-for-profit board.*

This report is intended for the information of the management of Wayne County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

WAYNE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Wayne County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1997. Finding numbers 1 and 4 are omitted since the related follow-up appears in an earlier section of this report. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

2. Budgetary Practices

- A. Budgets were not prepared for various funds for the two years ended December 31, 1997.
- B. Disbursements were approved in excess of budgeted amounts.

Recommendation:

The County Commission:

- A. Ensure budgets are prepared or obtained for all county funds in accordance with state law.
- B. And Senate Bill 40 Board not authorize warrants in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.

Status:

- A. Implemented.
- B. Not implemented. See MAR No. 2.

3. County Expenditures

- A. The former County Clerk was paid \$2,400 more than the annual salary authorized by the county salary commission for the year ended December 31, 1997.
- B. The county unnecessarily incurred interest expenses totaling \$3,855 for warrants protested by the county for the year ended December 31, 1997.

- C. The Prosecuting Attorney claimed reimbursement for mileage for several trips between Piedmont and Greenville each month of the audit period. The Prosecuting Attorney's private law office and principal residence are located in Piedmont, while the courthouse where he conducts his regular duties as Prosecuting Attorney is located in Greenville.
- D. The county did not ensure all efforts to obtain bids were adequately documented.
- E. Fuel used and on hand was not reconciled to fuel purchases for the Road and Bridge Department.
- F. The Special Law Enforcement Fund (SLEF) was used to award scholarships to high school students.

Recommendation:

The County Commission:

- A. Obtain a legal opinion from the Prosecuting Attorney to determine whether any money is due back to the General Revenue Fund and ensure all county officials are compensated in accordance with the decisions of the county salary commission.
- B. And the County Treasurer discontinue the practice of protesting warrants when a sufficient cash balance exists.
- C. Determine the propriety of paying the Prosecuting Attorney for commuting mileage between Piedmont and the county courthouse in Greenville. If the county continues to pay commuting mileage, it should be reported as a fringe benefit on the Prosecuting Attorney's W-2 form.
- D. Retain documentation of bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the County Clerk should retain documentation of these circumstances.
- E. Ensure fuel used and on hand is reconciled to fuel purchases and maintain adequate documentation of these reconciliations.

The Prosecuting Attorney:

- F. Ensure expenditures from the SLEF are for law enforcement purposes only.

Status:

- A. Not implemented. In our prior report the County Commission responded that it would request an opinion from the Prosecuting Attorney, however, no opinion was obtained. Although not repeated in the current MAR, our recommendation remains as stated above.
- B&F. Not implemented. See MAR No. 1.
- C. While not implemented, in our prior report the County Commission responded that the Prosecuting Attorney performs official business at both locations. The Prosecuting Attorney was reimbursed approximately \$1,600 per year during the two years ended December 31, 1999, for mileage between Piedmont and Greenville.
- D. Partially implemented. Most disbursements were bid if applicable. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Distributions

- A. The County Commission did not properly distribute flood control monies.
- B. The County Clerk did not properly apportion 1996 railroad and utility tax collections to the various school districts.
- C. The Tax Sale Overplus Fund at December 31, 1997 included interest and tax sales monies of \$10,918 that had been held by the County Treasurer for more than seven years.

Recommendation:

- A. The County Commission review the distribution of flood control monies and ensure compliance with state law.
- B. The County Commission consult with the school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct the past errors.
- C. The County Treasurer disburse \$10,918 from the Tax Sale Overplus Fund to the school districts and ensure distributions from the Tax Sale Overplus Fund are made on a timely basis.

Status:

- A. Implemented in 1999. In 1998, the flood control monies totaling \$11,332 were distributed seventy percent to General Revenue, twenty percent to various schools, and ten percent to the Road and Bridge Fund.
 - B. Implemented. The County Clerk indicated the Missouri Department of Elementary and Secondary Education (DESE) was contacted by phone and DESE recommended deducting the overpayment from future Railroad and Utility taxes. The County Clerk has been following this recommendation, however, based on the amount deducted thus far, it will take another thirty two years before the error is fully corrected.
 - C. Implemented.
6. Published Financial Statements and Depository Contracts
- A. The county's annual published financial statements did not include the financial activity of some county funds.
 - B. The county had monies on deposit in two local banks, but did not have current written depository agreements with these banks.

Recommendation:

The County Commission:

- A. Ensure financial information for all county funds is reported in the annual published financial statements in accordance with state law.
 - B. Enter into written agreements with depository banks in compliance with state law.
- Status:
- A. Implemented.
 - B. Not implemented. See MAR No. 3.
7. County Clerk's Account Book

The County Clerk did not maintain an account book with the County Collector.

Recommendation:

The County Clerk maintain an account book with the County Collector and use this information to verify the County Collector's annual settlements.

Status:

Not implemented. See MAR No. 5.

8. County Collector's Procedures

- A. The County Collector did not deposit receipts intact.
- B. The County Collector made changes to the property tax records. Also, the County Commission did not approve any additions to the tax books.
- C. Penalties for the collection of delinquent and back taxes were not calculated correctly.
- D. Surtax collections were not distributed properly.

Recommendation:

The County Collector:

- A.1. Deposit all monies received intact daily, discontinue the practice of cashing checks, and reconcile the composition of receipts to the composition of deposit slips.
 - 2. Establish a change fund at a set amount and maintain it on an imprest basis.
 - 3. Make all disbursements by check.
- B. Work with the County Commission and County Clerk to revise the addition process so that the County Collector does not have the capability to make changes to the tax books without other controls in place.
- C. Assess penalties on delinquent and back tax collections based on all sums collected.
- D. Adjust the 1998 surtax distributions to reflect amounts incorrectly distributed in prior years. In addition, future distributions of surtax collections should take into consideration the current year's assessed valuation for subclass 3 commercial property of each political subdivision as required by state law.

Status:

Implemented.

9. Sheriff's Controls and Records

- A. Accounting duties were not adequately segregated.
- B. Receipt slips were not always issued immediately upon receiving monies.
- C. Monies received were not always deposited intact.
- D. Bank reconciliations were not prepared on a timely basis.
- E. The bank account had \$982 in outstanding checks that were more than one year old.
- F. Sheriff's Department personnel serving as guards received a per diem and also received a mileage fee from the state in addition to their regular compensation.

Recommendation:

The Sheriff:

- A. Provide for adequate segregation of duties and the performance of independent reconciliations and reviews of accounting records.
- B. Issue receipt slips for all monies immediately upon receipt and reconcile receipt slips to deposit slips on a daily basis.
- C.1. Deposit receipts intact and reconcile the composition of receipts to the composition of deposits.
 - 2. Establish a change fund at a set amount and maintain it on an imprest basis.
- D. Prepare bank reconciliations on a monthly basis.
- E. Attempt to locate the payees of the old outstanding checks and reissue checks if possible. Request a court order to disburse the monies for the closed case and disburse the monies accordingly. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- F. And County Commission review this situation. Sheriff's Department personnel who serve as guards should be paid their normal salary for the amount of time spent, and all payments should be included on W-2 forms.

Status:

A&E. Not implemented. Although not repeated in our current MAR, our recommendations remain as stated above.

B,C,
&F. Implemented.

10. Health Center

A. The health center approved disbursements of \$20,208 in excess of the budgeted amount for the year ended December 31, 1996.

B. The budget for the for the year ending December 31, 1997 contained several errors.

Recommendation:

The Health Center Board of Trustees:

A. Not authorize warrants in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.

B. Ensure the budgets accurately reflect the actual beginning cash balances, and estimated receipts, disbursements, and ending cash balance.

Status:

A. Not implemented. See MAR No. 2.

B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

WAYNE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1818, the county of Wayne was named after Anthony Wayne, a general of the Revolutionary War. Wayne County is a county-organized, third-class county and is part of the Forty-Second Judicial Circuit. The county seat is Greenville.

Wayne County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Wayne County received its money in 1999 and 1998 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 273,150	11	309,207	15
Sales taxes	752,959	30	707,735	34
Federal and state aid	1,207,104	49	840,294	41
Fees, interest, and other	257,848	10	215,475	10
Total	\$ 2,491,061	100	2,072,711	100

The following chart shows how Wayne County spent monies in 1999 and 1998 from the General Revenue and Special Road and Bridge Funds:

USE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 621,784	25	631,750	29
Public safety	406,801	17	403,854	18
Highways and roads	1,421,716	58	1,177,298	53
Total	\$ 2,450,301	100	2,212,902	100

The county maintains approximately 80 county bridges and 762 miles of county roads.

The county's population was 8,546 in 1970 and 11,543 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	1999	1998	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 52.3	48.5	29.2	10.5	5.9
Personal property	23.1	20.8	9.0	5.0	2.2
Railroad and utilities	11.4	11.6	9.3	6.4	4.6
Total	\$ 86.8	80.9	47.5	21.9	12.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Wayne County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,	
	1999	1998
General Revenue Fund	\$.17	.13
Special Road and Bridge Fund	.11	.11
Health Center Fund	.10	.10
Senate Bill 40 Board Fund	.08	.08

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28,	
	2000	1999
State of Missouri	\$ 26,106	24,387
General Revenue Fund	169,654	132,419
Special Road and Bridge Fund	96,800	90,442
Assessment Fund	35,028	32,555
Health Center Fund	86,364	80,631
Senate Bill 40 Board Fund	69,045	64,503
School districts	2,640,937	2,455,982
Debt Service	1,973	23,985
Junior College Fund	188,154	175,207
Ambulance District Fund	115,461	109,989
Fire protection District Fund	86,675	83,718
Cities	8,922	9,015
County Clerk	198	196
County Employees' Retirement Fund	21,098	20,006
Tax Sale Overplus Fund	2,385	21,065
Commissions and fees:		
General Revenue Fund	60,588	53,530
Total	\$ <u>3,609,388</u>	<u>3,377,630</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2000	1999
Real estate	92.3 %	94.4 %
Personal property	89.0	88.2
Railroad and utilities	100.0	100.0

Wayne County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %
Capital improvements	.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2000	1999	1998
County-Paid Officials:			
Brian M. Polk, Presiding Commissioner	\$	21,712	
Marvin E. Bowles, Presiding Commissioner			14,960
Bruce W. Keel, Associate Commissioner		19,712	14,960
Cleo Crawford, Associate Commissioner		19,712	14,960
Alan R. Lutes, County Clerk		29,920	
Glendell Twidwell, County Clerk			23,325
Jon A. Kiser, Prosecuting Attorney		36,080	25,644
Larry W. Plunkett, Sheriff		34,320	4,654
Ralph Atkins, Sheriff			15,292
Nathan T. Hale, Sheriff			7,480
Sharon B. Hamby, County Treasurer		22,140	14,050
Barbara A. Anderson, County Coroner		2,400	2,400
Harold Shrum, Public Administrator *		14,286	10,801
Mary Hampton - Van Noy, County Collector, year ended February 28,	29,920		
Lavern H. Daves, County Collector, year ended February 28,		23,259	
Michelle M. Holliday, County Assessor **, year ended August 31,		30,820	30,820

* Includes fees received from probate cases.

** Includes \$900 annual compensation received from the state.

State-Paid Officials:

Darren T. Garrison, Circuit Clerk and Ex Officio Recorder of Deeds		44,292	42,183
Randy P. Schuller, Associate Circuit Judge		87,235	85,158

A breakdown of employees (excluding the elected officials) by office at December 31, 1999, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	3
County Clerk	2	0
Prosecuting Attorney	3 *	0
Sheriff	13 **	0
County Coroner	1 *	0
County Collector	2 *	0
County Assessor	4 *	0
Associate/Probate Division	0	3 *
Road and Bridge	14	0
Health Center	55	0
Total	<u>95</u>	<u>6</u>

* Includes one part-time employee.

** Includes two part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Wayne County's share of the Forty-Second Judicial Circuit's expenses is 19 percent.

* * * * *